United Nations A/58/7/Add.2

General Assembly

Distr.: General
26 September 2003

Original: English

Fifty-eighth session
Agenda items 121 and 126

Proposed programme budget for the biennium 2004-2005

United Nations common system

Administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission for 2003: statement submitted by the Secretary-General in accordance with rule 153 of the rules of procedure of the General Assembly

Third report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the statement of the Secretary-General (A/58/378), submitted in accordance with rule 153 of the rules of procedure of the General Assembly, on the administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission for 2003 (A/58/30).

2. As indicated in paragraphs 2 and 3 of the statement by the Secretary-General, in accordance with section I.D of General Assembly resolution 57/285, the International Civil Service Commission, at its fifty-seventh session, reconsidered the decision it had made in 2002 to increase the level of hazard pay granted to locally recruited staff from 20 to 30 per cent of the net midpoint of local base salary scales. On the basis of its reconsideration, the Commission decided to uphold its decision with effect from 1 January 2004.

3. As indicated in paragraphs 6 and 7 of the statement by the Secretary-General, the estimated annual financial implications of the decision for the United Nations regular budget are estimated at $887,000, or a total of $1,774,000 for the biennium 2004-2005.

4. **The Committee recommends approval of the Secretary-General's recommendation to accommodate the additional requirement of $1,774,000 from within the common staff costs provision in the proposed programme budget for the biennium 2004-2005.**

03-53367 (E) 290903

United Nations A/58/7/Add.3

General Assembly

Distr.: General
23 October 2003

Original: English

Fifty-eighth session
Agenda item 120
Programme budget for the biennium 2002-2003

Salary and retirement allowance of the Secretary-General and salary and pensionable remuneration of the Administrator of the United Nations Development Programme

Fourth report of the Advisory Committee on Administrative and Budgetary Questions

1. The present report is submitted by the Advisory Committee in accordance with General Assembly resolution 57/310 of 18 June 2003, in which the Assembly concurred with the recommendation of the Committee concerning the salary and retirement allowance of the Secretary-General and the salary and pensionable remuneration of the Administrator of the United Nations Development Programme (UNDP) (see A/57/7/Add.25, para. 9) and requested the Committee to submit proposals to it at its fifty-eighth session with a view to formalizing conditions and procedures related to the salary and retirement allowance of the Secretary-General and the salary and pensionable remuneration of the Administrator of UNDP.

2. Under the current practice, proposals for changes in the salary and retirement allowance of the Secretary-General and the salary and pensionable remuneration of the Administrator of UNDP are approved by the General Assembly on the basis of a recommendation of the Advisory Committee. In general, the Committee has reported to the Assembly in this regard whenever a change in the salary scales for staff in the Professional and higher categories is approved by the Assembly. References to the most recent reviews are contained in the report of the Committee of 11 March 2003 (A/57/7/Add.25).

3. **The Advisory Committee does not see a need, at this time, to change the current practice, as set out in paragraph 2 above and in its report of 11 March 2003.**

03-57824 (E) 241003

United Nations A/58/7/Add.4

General Assembly

Distr.: General
23 October 2003

Original: English

Fifty-eighth session
Agenda item 121
Proposed programme budget for the biennium 2004-2005

Request for a subvention to the United Nations Institute for Disarmament Research resulting from the recommendations of the Board of Trustees of the Institute on the work programme of the Institute for 2004

Fifth report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee has considered the note by the Secretary-General (A/C.5/58/3) on the request for a subvention of $227,600 to the United Nations Institute for Disarmament Research (UNIDIR) resulting from the recommendation of the Board of Trustees of the Institute on the work programme of the Institute for 2004.

2. The subvention is used to cover the costs for the Director and administration. The Committee was also informed that for 2004, as has been the case since 2002, the subvention has been cost-adjusted to take into account inflation and currency changes.

3. As indicated in paragraph 3 of the note by the Secretary-General, the proposed programme budget of the United Nations for the biennium 2004-2005, under section 4, Disarmament, contains a provision for $473,700 representing the United Nations subvention to UNIDIR for 2004-2005.

4. **The Committee recommends that the General Assembly approve the request of $227,600 for UNIDIR for 2004; no additional provision would be required under section 4 of the proposed programme budget for 2004-2005.**

03-57844 (E) 241003

United Nations A/58/7/Add.5

General Assembly

Distr.: General
23 October 2003

Original: English

Fifty-eighth session
Agenda items 59, 121 and 125

Strengthening of the United Nations system

Proposed programme budget for the biennium 2004-2005

Pattern of conferences

Improvements to the current process of planning and budgeting

Cost implications of providing more predictable and adequate conference services to the meetings of regional and other major groupings of Member States

Comprehensive review of the post structure of the United Nations Secretariat

Additional expenditures deriving from inflation and currency fluctuations

Proportion of General Service staff to Professional staff in the regional commissions

Implementation of projects financed from the Development Account: third progress report

Sixth report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the reports of the Secretary-General on improvements to the current process of planning and budgeting (A/58/395 and Corr.1); the cost implications of providing more predictable and adequate conference services to the meetings of regional and other major groupings of Member States (A/58/397); the comprehensive review of the post structure of the United Nations Secretariat

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(A/58/398); additional expenditures deriving from inflation and currency fluctuations (A/58/400); the proportion of General Service staff to Professional staff in the regional commissions (A/58/403); and the implementation of projects financed from the Development Account: third progress report (A/58/404). During its consideration of the reports, the Advisory Committee met with representatives of the Secretary-General, who provided additional information and clarifications.

I. Improvements to the current process of planning and budgeting

2. In the course of its consideration of the report of the Secretary-General on improvements to the current process of planning and budgeting (A/58/395 and Corr.1), the Advisory Committee also had before it the report of the Joint Inspection Unit on the review of the United Nations budgetary process (A/58/375).

3. The Secretary-General, in his report, proposes a number of measures to improve the current process of planning and budgeting; these are referred to in paragraph 43 of his report.

4. The measures proposed by the Secretary-General follow upon the adoption of results-based budgeting by the General Assembly (see General Assembly resolutions 52/12 B, 53/205 and 55/231) and the streamlined presentation of the proposed programme budget for 2004-2005, now being considered by the General Assembly.

5. The Advisory Committee's extensive comments and observations on the current process of results-based budgeting are contained in a number of its recent reports, including its first report on the proposed programme budget for the biennium 2004-2005,[1] its report on the administrative and budgetary aspects of the financing of the United Nations peacekeeping operations (A/57/772, paras. 37-56) and its report on the support account for peacekeeping operations (A/57/776, paras. 2-8).

6. **The Advisory Committee points out that proposals to replace the present four-year medium-term plan by a biennial programme plan and to revise the role of the Committee for Programme and Coordination would require a policy decision by the General Assembly.**

7. **In the paragraphs below, the Advisory Committee presents a number of comments and observations on the proposals of the Secretary-General. The Advisory Committee recommends that, based on such guidance as the General Assembly may wish to give with regard to the proposals of the Secretary-General, he should be requested to submit mock-ups for consideration by the Assembly. Consequent upon such action as the Assembly may take on the mock-ups, the Secretary-General would then report to the Assembly, through the Advisory Committee, any consequential amendments to the Financial Regulations and Rules of the United Nations and to the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring and Implementation and the Methods of Evaluation, which would need to be considered.**

8. Paragraphs 3 to 19 of the report of the Secretary-General deal with the medium-term plan. The Advisory Committee notes that an attempt was given in

paragraphs 7 and 8 of the report to reflect diverse views of Member States on the medium-term plan. Paragraph 9 identifies what the Secretary-General considers to be the shortcomings of the current system.

9. The Secretary-General indicates in paragraph 11 of his report that the medium-term plan should be an instrument of policy, not a listing of activities. **The Advisory Committee requests that the Secretary-General provide a clarification in his report containing the mock-ups called for in paragraph 7 above.**

10. The Advisory Committee recalls that the budget outline, as defined by the General Assembly in its resolution 41/213, provides Member States with preliminary estimates for the Secretary-General's proposed biennial programme budget. **In considering the future of the outline, it would be essential to take into account its importance as a tool for early involvement of Member States in the planning and budgeting process of the Organization.**

11. The Secretary-General proposes to expand the budget outline to include additional information on key programmatic changes, as well as additional information on changes in resource requirements to reflect those programmatic changes (see A/58/395, para. 23). **The Advisory Committee cautions against the possibility of loading the budget outline with excessive additional information thus transforming it into a preliminary programme budget. The Advisory Committee, therefore, requests that the content and format of the new budget outline be clarified in the mock-up documents referred to in paragraph 7 above.**

12. With regard to the question of timing, the Advisory Committee notes that both the biennial programme plan and the budget outline are proposed to be considered concurrently by the General Assembly (see A/58/395, para. 16). **The Advisory Committee is of the view that it would be preferable if the budget outline could be prepared after review and approval of such plan instrument as the General Assembly may wish to establish. The Advisory Committee therefore requests that the timing for the submission and consideration of both parts of the "strategic framework" should be clarified in the report containing the mock-ups requested above.**

13. Paragraphs 26 to 37 of the report deal with monitoring and evaluation. **The Advisory Committee shares the Secretary-General's critical view of the current status of monitoring and evaluation in the Organization.** The Advisory Committee recalls its observation that "at this stage, no effective mechanism exists to monitor, evaluate and measure the result and impact of the programmes and activities of the United Nations, nor does there exist the necessary financial link to programmes and activities".[2] As a necessary element of improvement to the process of monitoring and evaluation of programme performance, the Advisory Committee recommended that "a single report be issued that would cover both programme and financial performance for the same period".[3]

14. **The Advisory Committee trusts that in his report containing the mock-ups, the Secretary-General will clarify the proposed measures to improve the current process of programme performance, monitoring and evaluation, including a modified biennial programme performance report and improved format and timing of evaluation reports.**

15. **With regard to the proposed identification of resources for monitoring and evaluation activities in all sections of the budget, the Advisory Committee is of the view that the proposal appears to be an essentially administrative measure in nature and should, as such, be addressed, if necessary, in the context of the proposed programme budget, rather than in the context of overall issues intended to improve the process of planning and budgeting.**

II. Cost implications of providing more predictable and adequate conference services to the meetings of regional and other major groupings of Member States

16. The report of the Secretary-General on cost implications of providing more predictable and adequate conference services to meetings of regional and other major groupings of Member States (A/58/397) was submitted in accordance with General Assembly resolution 57/283 B of 15 April 2003. The report provides an analysis of the existing mandate for the provision of conference services to such meetings, as well as a brief history of the budgetary implications thereof (ibid., paras. 2-6).

17. In his report, the Secretary-General notes that no dedicated resources have been allocated so far within the programme budget for such unprogrammed services and that the associated costs have customarily been met from within the overall budget resources of the Organization. The Secretary-General concludes that a change in the mandate for the provision of such services, the programming of dedicated conference-servicing time and the allocation of related financial resources would be the only means of providing more predictable and adequate conference services to the meetings (ibid., paras. 15 and 16). On the basis of average annual level of services provided in the past five years to meetings of regional and other major groupings, requirements for such services for 2004-2005 are estimated at $7,966,000 (ibid., para. 17).

18. Subsequent to its hearing with the representatives of the Secretary-General on the report, the Advisory Committee was provided with the following breakdown of the estimate by object of expenditure:

Object of expenditure	*Resources (thousands of United States dollars)*
Temporary assistance for meetings	4 044.4
Overtime for security coverage	239.8
Contractual services (sound technicians services)	696.2
Maintenance of premises (cleaning)	748.2
Utilities	2 237.4
Total	**7 966.0**

19. Upon enquiry, the Advisory Committee was informed that the estimates were based on the assumption that meetings would be held during normal working hours. The Advisory Committee requested a clarification as to why additional resources would be required for overtime for security coverage, cleaning and utilities, given

the fact that the meetings are to be held during normal working hours when the building is open. **The Advisory Committee found the additional information provided to it to be unconvincing and is of the opinion that the amounts estimated for security coverage, cleaning and utilities, which total $3,225,400, can, at this stage, be deleted.**

20. **Whether or not to change the existing mandate for the provision of conference services to regional and other major groupings of Member States is a policy decision to be made by the General Assembly. Taking into account what is stated in paragraph 19 above, the Advisory Committee recommends that, should the Assembly decide to approve a change in the existing mandate, an estimate of $4,740,600 be approved subject to the procedures set out in Assembly resolutions 41/213 and 42/211 for the use and operation of the contingency fund. The Secretary-General should report, in the context of the first performance report on the programme budget for the biennium 2004-2005, on the utilization of the amount appropriated.**

III. Comprehensive review of the post structure of the United Nations Secretariat

21. The report of the Secretary-General (A/58/398) is submitted pursuant to General Assembly decision 57/574 in which the Assembly took note of the earlier report of the Secretary-General on the comprehensive review of the post structure of the United Nations Secretariat (A/57/483) and the related report of the Advisory Committee (A/57/7/Add.14) and decided to continue consideration of the question during its fifty-eighth session. The Secretary-General was also requested to include, in the context of the proposed programme budget for the biennium 2004-2005, more information on the question of the post structure, and in particular to provide a comparison of the post structure of the Secretariat with other multilateral organizations not covered in the report, as well as with those of some Member States, and the percentage share of each grade.

22. Paragraphs 65 to 69 of the introduction to the proposed programme budget for the biennium 2004-2005 (A/58/6 (Introduction)) respond to the request of the General Assembly to address the question of post structure in the context of the proposed programme budget for the next biennium. The report of the Secretary-General in document A/58/398 provides additional information on the comparison of the post structure of the Secretariat with the other organizations within the United Nations common system.

23. The Advisory Committee, in section I.F, "Personnel matters" of its first report on the proposed programme budget for the biennium 2004-2005,[4] made a number of comments and observations that are relevant to the subject matter of the Secretary-General's comprehensive review.

24. The Advisory Committee notes the Secretary-General's conclusion that the comprehensive review does not reflect any anomalies that could be characterized as top-heaviness of the Secretariat structure vis-à-vis comparative post structures throughout the organizations of the United Nations common system (see A/58/398, para. 9).

25. **The Advisory Committee recommends that the General Assembly take note of the report of the Secretary-General. Notwithstanding, the Committee points out that the comprehensive review was conducted with a number of critical constraints some of which are indicated in paragraphs 3 and 4 of the report (A/58/398). The Advisory Committee notes, in this connection that "some organizations, particularly those outside the United Nations common system, and some Governments consider data on grade structure to be sensitive and tend to be reluctant to share such information". The Advisory Committee is concerned that the Secretary-General was not in a position to obtain data from organizations and Governments, some of which considered information on grade structure to be sensitive and were reluctant to provide it to the Secretariat.**

IV. Additional expenditures deriving from inflation and currency fluctuations

26. The report of the Secretary-General (A/58/400) was submitted in compliance with General Assembly decision 57/576, by which the Assembly took note of the report of the Secretary-General on additional expenditures deriving from inflation and currency fluctuations (A/57/471), decided to continue consideration of the question at the main part of its fifty-eighth session and requested the Secretary-General to submit a report providing a comparative analysis of the practice followed by other international organizations in that regard.

27. The annex to the Secretary-General's report (A/58/400) contains information on the practices followed by other international organizations in budgeting for currency fluctuations (table 1), inflation (table 2), reserves account and funds (table 3) and working capital funds (table 4). According to the Secretary-General, the information in the annex is based on the recently updated study of the United Nations System Chief Executives Board for Coordination on budgeting in organizations of the United Nations system. The Advisory Committee finds the information provided in the annex to the Secretary-General's report useful and well organized.

28. The Advisory Committee points out that it has commented quite extensively on the issue of additional expenditures deriving from inflation and currency fluctuations. Most recently, the Advisory Committee's comments have been made in document A/57/7/Add.14, para. 11, and in A/56/7, paras. 156 and 157. **The Advisory Committee recommends that the General Assembly take note of the report of the Secretary-General (A/58/400).**

V. Proportion of General Service staff to Professional staff in the regional commissions

29. The report of the Secretary-General in document A/58/403 was submitted pursuant to General Assembly resolution 56/253 concerning the proportion of General Service posts compared with Professional posts in the regional commissions.

30. The Advisory Committee notes the conclusion of the review that a higher overall ratio of General Service to Professional posts does exist in four of the regional commissions (Economic Commission for Africa, Economic and Social Commission for Asia and the Pacific, Economic Commission for Latin America and the Caribbean and Economic and Social Commission for Western Asia) than in other economic and social departments (Department of Economic and Social Affairs and the United Nations Conference on Trade and Development). According to the Secretary-General, this is a result of the broader coverage of services under the programme support component in these regional commissions, which include not only the traditional support functions such as finance, budgeting, management and personnel administration, but also the management of technical cooperation programmes, conference and library services, security and safety and other services. The Secretary-General also indicates that while investment in information technology will eventually lead to improvements in the efficiency of support services, most regional commissions continue to rely heavily on their own staff for support services owing to a limited availability of outsourcing opportunities in their localities.

31. **The Advisory Committee recommends that the General Assembly take note of the report of the Secretary-General (A/58/403) and that information contained in the report also be considered in the context of the General Assembly review of the proposed resource requirements for the regional commissions for the biennium 2004-2005.**

VI. Implementation of projects financed from the Development Account: third progress report

32. The report of the Secretary-General in document A/58/404 is submitted pursuant to General Assembly resolution 56/237. The Advisory Committee recalls that in its report A/57/7/Add.5, the Committee recommended that the Secretary-General report on the implementation of projects financed from the Development Account in the context of the presentation of the proposed programme budget for the biennium 2004-2005.

33. **In future, the Advisory Committee would like to see more emphasis on the pace of implementation of projects and on the results achieved, rather than on a description of efforts taken and processes followed in the course of the implementation of projects; the report should be more focused on whether or not the objectives set for the development account projects have been achieved.**

34. **The Advisory Committee concurs in the conclusion that evaluation and monitoring of Development Account projects with strong focus on lessons learned, results and pace of accomplishments should be further improved and that lessons learned should effectively feed into the design of new projects and activities.**

35. **The Advisory Committee has made a number of comments and recommendations on the development account in its first report on the proposed programme budget for 2004-2005.[5] The Advisory Committee recommends that the Secretary-General incorporate information on the implementation of projects financed from the Development Account in his**

proposed programme budgets, thus obviating the need for presenting a separate report. Subject to the foregoing, the Advisory Committee recommends that the General Assembly take note of the report of the Secretary-General (A/58/404).

Notes

[1] *Official Records of the General Assembly, Fifty-eighth Session, Supplement No. 7* (A/58/7), paras. 6-29.

[2] Ibid., para. 14.

[3] Ibid., para. 18.

[4] Ibid., paras. 50-79.

[5] Ibid., paras. XIII.1-XIII.11.

United Nations A/58/7/Add.6

General Assembly

Distr.: General
24 October 2003

Original: English

Fifty-eighth session
Agenda items 121 and 125

Proposed programme budget for the biennium 2004-2005

Pattern of conferences

Improving and modernizing the conference facilities at the United Nations Office at Nairobi

Seventh report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on improving and modernizing the conference facilities at the United Nations Office at Nairobi in order to accommodate adequately major meetings and conferences (A/58/530). During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information.

2. By its resolution 57/283 B of 15 April 2003, the General Assembly noted with concern that the severe constraint of adequate conference facilities at the United Nations Office at Nairobi posed a serious challenge for any further increase in the utilization of conference facilities and services at Nairobi and reiterated its request that the Secretary-General consider improving and modernizing the conference facilities and services at Nairobi. The report of the Secretary-General was submitted in response to that request.

3. The Advisory Committee notes from the report that in the past four years the number of meetings held at the United Nations Office at Nairobi Conference Centre has increased by 18 per cent and is expected to increase an additional 5 per cent in the biennium 2004-2005 (see A/58/530, para. 5). As indicated in that report, the seating capacity and versatility of the Conference Centre no longer meet the requirements of the institutional clients of the Office, namely, the United Nations Environment Programme (UNEP) and the United Nations Human Settlements Programme (UN-Habitat), for which they were initially constructed, owing to the large number of participants from non-governmental organizations (see ibid., para. 7).

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4. On the basis of a review undertaken by the Secretariat to respond to the request of the General Assembly, two phases were identified to improve and modernize conference facilities at Nairobi. Phase I would involve the modernization of existing conference facilities at an estimated cost of $3,479,000. The measures would increase the capacity by some 300 seats and would include the installation of modern simultaneous interpretation equipment and upgrading of the sound, air-conditioning and data-distribution systems (see ibid., para. 10). The second phase involves the possibility of future construction in addition to the alteration and modernization to be carried out under phase I (ibid., para. 19).

5. Of the total estimated requirement of $3,479,000 for the modernization of conference facilities, a provision of $1,427,000 has already been requested under section 33, Construction, alteration, improvement and major maintenance, of the proposed programme budget for the biennium 2004-2005 (A/58/6 (Sect. 33) and A/58/6 (Corr.1)) for the modernization of conference rooms 1, 5, 6, 7 and 8. With regard to the modernization of rooms 2, 3 and 4, it is proposed that the requirements be met in part from the uncommitted balance of the construction-in-progress account, which amounted to $913,300 as at 30 June 2003. It is proposed that the remaining requirement of $1,139,000 be considered subject to the procedures set out in resolution 42/211 of 21 December 1987 for the use and operation of the contingency fund (A/58/530, para. 22).

6. With regard to the construction of additional conference rooms, the Advisory Committee notes the intention to consider such construction at a later stage in accordance with the building construction procedures outlined in the report of the Committee of 3 November 1981 (A/36/643) and in the light of experience gained from operating the modernized conference facilities of the United Nations Office at Nairobi during the biennium 2006-2007 (see A/58/530, para. 23).

7. **The Advisory Committee recommends that the General Assembly authorize the modernization of the existing conference facilities at the United Nations Office at Nairobi as described in paragraph 10 of the report of the Secretary-General. The Committee also recommends that the Assembly authorize the funding of the total estimated cost for modernization of $3,479,000, as outlined in paragraph 22 of the report.**